
LOUISIANA RESOURCE CENTER FOR EDUCATORS

FINANCIAL STATEMENTS

JUNE 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-15-06



LOUISIANA RESOURCE CENTER FOR EDUCATORS

FINANCIAL STATEMENTS

JUNE 30, 2006

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1
<u>Financial Statements</u>	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 11
Report on Compliance and Other Matters on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	12 - 13



Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Louisiana Resource Center for Educators
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of the Louisiana Resource Center for Educators (the Organization) as of June 30, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Resource Center for Educators as of June 30, 2006 and 2005, and the change in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated August 25, 2006, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Postlethwaite & Netterville

Baton Rouge, Louisiana
August 25, 2006

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2006 AND 2005

ASSETS

	<u>2006</u>	<u>2005</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 155,927	\$ 162,977
Certificates of deposit	288,188	112,398
Accounts receivable	57,560	108,764
Inventory	21,999	152
Prepaid expenses	1,505	2,355
Total current assets	<u>525,179</u>	<u>386,646</u>
 <u>PROPERTY AND EQUIPMENT</u>		
Furniture and equipment	614,770	482,603
Building improvements	163,455	163,455
Library	<u>77,044</u>	<u>71,921</u>
	855,269	717,979
Less: accumulated depreciation	<u>(526,257)</u>	<u>(440,756)</u>
	<u>329,012</u>	<u>277,223</u>
 Total Assets	 <u>\$ 854,191</u>	 <u>\$ 663,869</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 14,678	\$ 40,101
Other liabilities	<u>183,017</u>	<u>121,433</u>
Total current liabilities	<u>197,695</u>	<u>161,534</u>
 <u>NET ASSETS</u>		
Unrestricted	527,210	416,811
Temporarily restricted	<u>129,286</u>	<u>85,524</u>
Total net assets	<u>656,496</u>	<u>502,335</u>
 Total Liabilities and Net Assets	 <u>\$ 854,191</u>	 <u>\$ 663,869</u>

The accompanying notes are an integral part of these statements.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	<u>6/30/06</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Public support	\$ 175,288	\$ 346,975	\$ 522,263
Grant from governmental agency	596,800	-	596,800
Program service fees	402,529	-	402,529
Interest income	5,995	-	5,995
Miscellaneous	14,857	-	14,857
Total support and revenue	<u>1,195,469</u>	<u>346,975</u>	<u>1,542,444</u>
Net assets released from restriction	<u>303,213</u>	<u>(303,213)</u>	<u>-</u>
Total revenue and other support	<u>1,498,682</u>	<u>43,762</u>	<u>1,542,444</u>
EXPENSES:			
Program services	972,932	-	972,932
Management and general	339,803	-	339,803
Fundraising	75,548	-	75,548
Total expenses	<u>1,388,283</u>	<u>-</u>	<u>1,388,283</u>
Changes in net assets	110,399	43,762	154,161
Net assets - beginning of year	<u>416,811</u>	<u>85,524</u>	<u>502,335</u>
Net assets - end of year	<u>\$ 527,210</u>	<u>\$ 129,286</u>	<u>\$ 656,496</u>

The accompanying notes are an integral part of these statements.

6/30/05

Unrestricted	Temporarily Restricted	Total
\$ 157,762	\$ 109,905	\$ 267,667
701,656	20,000	721,656
332,093	-	332,093
1,626	-	1,626
13,242	-	13,242
<u>1,206,379</u>	<u>129,905</u>	<u>1,336,284</u>
<u>82,725</u>	<u>(82,725)</u>	<u>-</u>
<u>1,289,104</u>	<u>47,180</u>	<u>1,336,284</u>
834,412	-	834,412
345,759	-	345,759
54,397	-	54,397
<u>1,234,568</u>	<u>-</u>	<u>1,234,568</u>
54,536	47,180	101,716
<u>362,275</u>	<u>38,344</u>	<u>400,619</u>
<u>\$ 416,811</u>	<u>\$ 85,524</u>	<u>\$ 502,335</u>

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	<u>6/30/06</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<u>EXPENSES</u>				
Advertising	\$ 9,847	\$ -	\$ 1,133	\$ 10,980
Bad debt expense	4,221	-	-	4,221
Bank charges	-	3,391	-	3,391
Contract labor	170,346	-	-	170,346
Depreciation & amortization	53,866	23,085	8,550	85,501
Direct program charge	-	-	-	-
Dues & subscriptions	8,955	3,159	-	12,114
Employee training	5,278	6,415	-	11,693
Equipment	-	-	-	-
Insurance	-	9,833	-	9,833
Library expenses	21,100	-	-	21,100
Licenses and permits	-	-	-	-
Miscellaneous	5,516	3,408	-	8,924
Postage	9,084	4,135	1,531	14,750
Printing	49,217	16,076	1,426	66,719
Professional services	20,500	27,332	-	47,832
Rental expense	135,553	33,888	-	169,441
Repairs & maintenance	25	13,852	-	13,877
Salaries and benefits	386,746	159,491	59,582	605,819
Sales tax	-	46	-	46
Software and technology	11,132	4,696	1,565	17,393
Stipends	21,800	-	-	21,800
Supplies	37,198	25,019	1,270	63,487
Telephone	-	5,977	-	5,977
Travel and fundraising	22,548	-	491	23,039
	<u>\$ 972,932</u>	<u>\$ 339,803</u>	<u>\$ 75,548</u>	<u>\$ 1,388,283</u>

The accompanying notes are an integral part of these statements.

6/30/05

Program Services	Management and General	Fundraising	Total
\$ 15,568	\$ 1,058	\$ -	\$ 16,626
-	-	-	-
-	2,891	-	2,891
90,332	-	-	90,332
67,537	29,480	10,336	107,353
-	1,790	-	1,790
20,882	2,458	-	23,340
5,873	2,515	-	8,388
9,336	3,966	1,391	14,693
-	6,474	-	6,474
21,245	-	-	21,245
-	5	-	5
9,841	1,898	-	11,739
7,493	8,051	-	15,544
16,790	16,623	-	33,413
10,247	30,504	-	40,751
129,223	32,816	-	162,039
-	20,145	-	20,145
380,620	164,113	41,478	586,211
-	-	-	-
-	-	-	-
2,380	-	-	2,380
37,215	13,729	1,192	52,136
-	6,972	-	6,972
9,830	271	-	10,101
<u>\$ 834,412</u>	<u>\$ 345,759</u>	<u>\$ 54,397</u>	<u>\$ 1,234,568</u>

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 154,161	\$ 101,716
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	85,501	107,353
Changes in operating assets and liabilities:		
Certificates of deposit	(175,790)	(112,398)
Accounts receivable	51,204	54,427
Prepaid expenses	850	8,645
Inventory	(21,847)	933
Accounts payable and other accrued liabilities	36,161	21,290
Net cash provided by operating activities	<u>130,240</u>	<u>181,966</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of property and equipment	<u>(137,290)</u>	<u>(23,578)</u>
Net cash used in investing activities	<u>(137,290)</u>	<u>(23,578)</u>
Net increase (decrease) in cash and cash equivalents	(7,050)	158,388
Cash and cash equivalents - beginning of year	<u>162,977</u>	<u>4,589</u>
Cash and cash equivalents - end of year	<u>\$ 155,927</u>	<u>\$ 162,977</u>

The accompanying notes are an integral part of these statements.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization and Purpose

Louisiana Resource Center for Educators (the Organization) is a 501(c)(3) not-for-profit, community based organization, governed by a board of directors. The purpose of the Organization is educational, namely responding to the needs of Louisiana educators and students by providing innovative training for teachers in all content areas and making a multi-media lending library of instructional materials available to thousands of teachers. Sources of income include donations (public support), grants from governmental agencies, and fees charged for training both at LRCE and off site.

Income Taxes

The Organization has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. All other donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions. The Organization did not have permanently restricted net assets at June 30, 2006 or 2005.

Property and Equipment

Property and equipment is recorded at cost. Depreciation of property and equipment is based upon the estimated useful service lives which range from 3 to 10 years, using the straight-line method. Maintenance and repairs are charged to expense, while additions and improvements are capitalized.

Allowance for Uncollectible Accounts

As of June 30, 2006 and 2005, all accounts were considered collectible; therefore, no allowance for uncollectible accounts has been established. Accounts are considered past due based on their contractual terms. Receivables are closely monitored by management during the year and all accounts considered to be uncollectible are written-off.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributed Services

The Organization records contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. For the years ended June 30, 2006 and 2005, there were no contributed services meeting the requirements for recognition in the financial statements.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash equivalents include all highly liquid debt instruments and certificates of deposit with original maturities of three months or less. At certain times throughout the year, balances in the cash accounts may have exceeded the amount insured by the Federal Deposit Insurance Corporation of \$100,000.

Certificates of Deposit

The Organization invests some of its cash in certificates of deposit with four to nine month maturity dates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

The Organization expenses the cost of advertising as incurred. Total advertising expenses for the years ended June 30, 2006 and 2005 were \$10,980 and \$16,626, respectively.

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Concentration of Support

During the years ended June 30, 2006 and 2005, the Organization derived approximately 39% and 54%, respectively, of its support and revenue from state grants.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2006 and 2005:

	2006	2005
CPDC	\$ 7,500	\$ -
Community Coffee	20,000	-
Early Childhood	-	4,691
Entergy	25,000	17,481
Hurricane Katrina Relief	25,320	-
Library	17,245	5,986
Meeting the Challenge	2,000	2,000
Motiva	13,500	-
Reilly Family Fund - Professional Development	-	12,323
Reilly Family Fund - Technology	-	43,043
Teacher Finder	18,721	-
	<u>\$ 129,286</u>	<u>\$ 85,524</u>

4. Net Assets Released From Restrictions

Net assets released from donor restrictions for incurring program related expenses satisfying the restricted purposes are as follows:

	2006	2005
Dictionary Project	\$ -	\$ 7,061
Early Childhood	4,691	15,309
Entergy	17,481	-
Exercise for Education	-	9,776
Experience it All	-	18,500
Food from the Bayou	-	11,160
Hurricane Katrina Relief	12,680	-
LA Wetlands Project	20,000	-
Library	-	3,104
Reilly Family Fund - Professional Development	12,323	177
Reilly Family Fund - Technology	43,043	4,457
Teacher Finder	75,896	-
Universal Service Administrative Company	117,099	-
Williamsburg Institute	-	13,181
Total restrictions released	<u>\$ 303,213</u>	<u>\$ 82,725</u>

LOUISIANA RESOURCE CENTER FOR EDUCATORS
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

5. Leases

The Organization's lease for its office space began January 2001 and was for a term of three years at \$10,000 per month. On July 20, 2003, the Organization signed a lease for a term of 10 years at \$11,000 per month for year one. This payment increases to \$12,406 for years two through year five, \$13,750 for year six through year eight, and \$15,000 for year nine through year ten.

The Organization has three operating leases entered into November 2003, January 2005, and February 2005 for copiers. The copiers are leased under five-year operating leases. One lease expires in November 2008 and the other two leases expire in January 2010. The leases are renewable on the same terms on a monthly basis unless the option to purchase at fair market value is exercised or the equipment is returned.

The Organization has one operating lease entered into July 20, 2005 for a mail machine. The mail machine is leased under a five-year operating lease. The lease expires in July 2010. The leases are renewable on the same terms on a monthly basis unless the option to purchase at fair market value is exercised or the equipment is returned.

The following represents the Organization's annual obligations on its leases:

2007	\$ 162,356
2008	158,394
2009	170,556
2010	169,038
2011	165,000
Thereafter	360,000

Total rent expense charged to operations during the years ended June 20, 2006 and 2005, was approximately \$169,441 and \$162,039, respectively.

6. Reclassifications

Certain amounts from June 30, 2005 have been reclassified in order to conform to the 2006 presentation.



Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Board of Directors
Louisiana Resource Center for Educators
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Resource Center for Educators as of and for the year ended June 30, 2006, and have issued our report thereon dated August 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Resource Center for Educators' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Resource Center for Educators' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management and others within the Organization, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite ; Netterville

Baton Rouge, Louisiana
August 25, 2006